

CENTRAL INTELLIGENCE AGENCY ~~SECRET~~ REPORT

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SUPPLEMENT TO
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THIS IS UNEVALUATED INFORMATION

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2. Economic cooperation among satellites takes place actually only on the highest level, ie in the respective countries' Communist Parties and in the Cominform Council for Mutual Economic Assistance (CEMA). In broad economic and political circles there is practically nothing known of CEMA and its operations. Even the Ministry of Foreign Trade knows very little about them.

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state conferences once or twice a year, usually in Bucharest or in Moscow. [redacted] no representatives of the Ministry of Foreign Trade ever participate in these conferences. It was rumored that they were usually attended by Lubomir Sochor and some other CP members from the Central Secretariat of the Communist Party. It is believed, even among Communists, that the CEMA is actually used more as an instrument of propaganda than as a working organization. The general opinion is that until the present time inter-satellite economic planning has not yet been sufficiently regulated and what has been done amounts actually to a few general directives, originating not from CEMA, but from the Communist Party Headquarters in Moscow. It is true that a certain exchange of experience and information in economic, technical and scientific fields takes place in satellite countries. But the extent of such inter-exchange can never be compared with the highly developed exchange of information existing in the free world.

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3. The Czechoslovak State Planning Bureau maintains a few of its employees in various satellites, attached usually to the Czechoslovak Embassy. [redacted]

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[redacted] when-
ever practicable these offices carry out decisions of the Council. The Bureau for Planning also maintains a large office in Moscow, which is headed by Ing Husek (fnu), former employee of the famous Bata shoe works in Zlin. Similar offices were recently opened in Poland, Hungary and Rumania. These offices make use of diplomatic cover and immunity but have no direct connection with the Ministry of Foreign Affairs.

4. [redacted] high-level directives with regard to foreign trade are issued in the following manner:

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- (a) general directives concerning foreign trade policy are issued to the Ministry of Foreign Trade exclusively by the Central Committee of the Czechoslovak Communist Party.
- (b) directives relating to USSR-Czechoslovak trade are issued only by the Soviet Trade Mission in Prague.
- (c) directives relating to mutual cooperation in foreign trade among the "people's democracies" are issued by the Subcommittee of the Advisory Board of Mutual Economic Help (Rada Vzajemne Hospodarske Pomoci), which has conferences once or twice annually.

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[redacted]
the Central Committee of the Communist Party issues only most general directives, and [redacted] it is the responsibility of the Minister and his subordinates to work out all details in compliance with these directives.

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6. [redacted] cooperation among satellites in economic matters is to be extended and the respective trade offices enlarged; [redacted]

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it is possible
that these offices are, or will be, the actual ties of
CZMA connecting individual satellite countries.

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7. There is even now considerable inter-satellite trade, and all preparations for the annual trade conferences and the participation in such conferences are made by the respective territorial department of the Ministry and Foreign Trade Company. discussions on these conferences are usually very long and tiresome. There is reason to believe that inter-satellite trade is increasing. But at the same time, imports for domestic needs are very low, and will be even lower in the future, for a great majority of exports from the USSR have to be processed and sent back to the USSR or satellite countries.

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8. each satellite is responsible for its own gold reserves.

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11.

12. Czechoslovakia is undoubtedly the most industrialized country among the Slavic or Eastern European nations and the Czechoslovaks are now being forced to assist in the industrialization of the other satellites. This assistance is extremely costly for the Czechs, who are being "repaid" mostly in agricultural products or by long-term loans. At present Prague shops are filled with Hungarian and Bulgarian paprika and tomatoes.

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The Czechoslovaks are, being used by the satellites to assist in the export of their products. Hungary has been attempting to sell "Hungarian Salami" through the Czech export company, Koospol by mispresenting this salami as being of Czech origin, but "Hungarian type".

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The Czechs are also attempting to sell Polish and Hungarian poppy-seeds and some Hungarian Kosher liquor. These transactions are handled by Centromise Ltd in Prague.

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[redacted] head of the respective country department in the Foreign Trade Ministry knows the amount of the involved trade. Each department and desk is completely isolated in regard to these statistics. However, the expansion of the USSR and "People's Democracy" sections in the Ministry of Foreign Trade indicates that trade with these nations since the end of World War II has increased tremendously. Some rumors were circulating in the Ministry that Czechoslovak exports to the USSR were much larger than imports from this country to Czechoslovakia. The Soviet "help" during the catastrophic drought in 1948 is still being repaid by Czechs. [redacted] an incident which illustrates the importance the Communists place on maintaining secrecy in regard to USSR-Czechoslovak agreements. [redacted] the State Court early in 1950 tried an employee of the Ministry of Foreign Trade who allegedly attempted to obtain some secret information concerning the volume and type of commodities involved in Soviet-Czechoslovak trade. The employee, who reportedly wanted to sell this information to a foreign power, was sentenced to life imprisonment.

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[redacted] the recent policy of East-West trade controls affects very much the Soviet bloc economy. In the first place there is the blocking of export licenses in the US. In the second place much stricter controls are now in effect in Western Germany and Austria.

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[redacted] The Czechoslovak Communists always underestimated the possibility of a sincere and effective cooperation among the Marshall Plan countries and application of strict export and transit control measures.

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16.

17. In the shipment of Czechoslovak goods to satellite countries and the USSR, preference is given to Polish ports. Use of other harbors is permitted only in cases where there is danger of great delay, or where some other shipping route is explicitly requested by the customer.

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18.

[redacted] judging from the traffic in the Bratislava port, the present traffic on the Danube must be much lower than it was in prewar times.

19. There are some indications that trade with Albania has increased recently.

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[redacted] in 1950 there was established in the Czechoslovak Ministry of Foreign Trade a special department for Albania [redacted] many ships from Gdynia or Szczecin were chartered to Albania.

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21.

[redacted] Rumania is delivering to Czechoslovakia very little petroleum, and [redacted] these deliveries had been constantly decreasing since 1949.

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[redacted] many complaints that Rumania has nothing to offer as compensation for Czechoslovak industrial deliveries. Recently, however, considerable quantities of such Rumanian canned goods as canned beef and pork and marmalade have appeared in Czechoslovak shops. These goods were extremely expensive, quite out of reach for most people.

22. Trade between Czechoslovakia and Yugoslavia is practically dead today. Nothing is done on this trade in the department of the Ministry responsible for it (Dept for Yugoslavia)

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